

**ORIGINAL**

( S E R V E D )  
( June 26, 2003 )  
( FEDERAL MARITIME COMMISSION )

FEDERAL MARITIME COMMISSION

DOCKET NO. 03-07

FSL International Inc. and Hiu-Leung Yeung,  
and  
Full Service Logistics Inc. and Mei Fung Tsang

Possible Violations of Sections 10 (a)(1), 10 (b)(2), 10 (b)(11)  
and Sections 19 (a) and (b) of the Shipping Act of 1984  
and 46 CFR Part 5 15

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**ORDER OF INVESTIGATION AND HEARING**

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Respondent FSL International Inc. ("FSL International") is a California corporation, having principal offices at 12616 S. Yukon Avenue in Hawthorne California. From May 1, 1999 through February 18, 2003, FSL International was a tariffed and bonded ocean transportation intermediary ("OTI") licensed by the Federal Maritime Commission as a non-vessel-operating common carrier ("NVOCC"). The president of FSL International is Hiu-Leung "John" Yeung. The OTI license of FSL International was revoked February 19, 2003.

Respondent Full Service Logistics Inc. (“Full Service Logistics”) is a California corporation established November 21, 2002. On or about December 12, 2002, Full Service Logistics submitted application FMC- 18 to the Bureau of Consumer Complaints and Licensing, seeking to be licensed both as a NVOCC and ocean freight forwarder. That application was signed by Mei Fung “Ten” Tsang, the firm’s CEO. The application of Full Service Logistics identified no officers, owners or directors other than Mei Fung Tsang. The application further stated that Full Service Logistics was not then engaged in OTI activities, that it was not related to any other shipper, and that it did not share (nor intend to share) office space or expenses with any other firm.

In its initial filing, Full Service Logistics identified its business address as 2 100 Huntington Drive, Suite 7, San Marino, CA 91108. Subsequent to the grant of an OTI (NVOCC) license on February 20, 2003,<sup>1</sup> Full Service Logistics furnished BCCL written notice that its business address changed to 2029 E. Cashdan St., Rancho Dominguez, CA 90220.

Information obtained by the Commission indicates that on and after July 4, 2001, FSL International knowingly and willfully obtained transportation of property at less than the applicable rates and charges under service contracts published by Mitsui OSK Lines and Hyundai Merchant Marine Co., by the device or means of misdeclaration of weight/measurements with respect to shipments rated under the carrier’s applicable rules on equipment substitution. With respect to numerous shipments for which FSL International issued its own NVOCC bill of lading on and after July 4, 2001, it appears that FSL International also provided service other than at the rates and charges set forth in its published NVOCC tariff, No. 015898-001. Upon being furnished a Notice

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<sup>1</sup>By fax sent February 7, 2003, Full Service Logistics advised BCCL to “disregard our application to be a freight forwarder” as it wished to be licensed to operate only as a NVOCC.

and Demand Letter for civil penalties stemming from its alleged violations,<sup>2</sup> FSL International's principal John Yeung proposed, as an alternative, to discontinue business operations no later than February 9, 2003 and to surrender the OTI license of FSL International for revocation. FSL International thereafter closed its offices at the Yukon Street address.

On or about April 23, 2003, the Commission's Los Angeles Area Representative determined that FSL International continued to conduct business, operating from offices located at 2029 E. Cashdan St., Rancho Dominguez, CA 90220. Those business premises are leased directly by Full Service Logistics, which makes office space available to John Yeung and FSL International Inc.<sup>3</sup>

It now appears that the business and family relationships between Full Service Logistics, FSL International and their principals have become inextricably intertwined. By contract amendment effective February 26, 2003, Full Service Logistics purported to succeed to the interests of FSL International as the shipper signatory to NYK Service Contract 02-023 14. It further appears that FSL International continued to serve as shipper with respect to numerous export shipments on and after February 19, 2003, while operating from the offices and utilizing the personnel and resources of Full Service Logistics. It appears that FSL International may have done so by unlawfully accessing the service contracts of Full Service Logistics.

Such activities implicate the process by which Full Service Logistics sought issuance of its OTI license in the first instance. Considered separately or in combination with the section 10 violations alleged against FSL International herein, it may be determined that Full Service Logistics

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<sup>2</sup>See 46 C.F.R. § 502.604.

<sup>3</sup>Ms. Tsang subsequently identified John Yeung as her husband. By fax letter of April 23, 2003, Ms. Tsang denied that Mr. Yeung has any connection to Full Service Logistics.

is not qualified to retain its license as an OTI. See e.g. 46 C.F.R. §§5 15.15 and 5 15.16; and *Stallion Cargo Inc. - Possible Violations of Sections 1 O(a)(l) and 1 O(b)(l) of the Shipping Act of 1984*, 29 S.R.R. 665 (FMC, 2001). At the time of filing its OTI application and for all periods through the grant of its license application in February 2003, applicant and its qualifying officer affirmatively represented to the Commission that Full Service Logistics was not then providing OTI services for which it required a license; that Full Service Logistics was not sharing space and did not intend to share space or expenses with any other person or company (whether at E. ~~Cashdan~~ Street or any other address); and that it was not related to any other entity by reason of ownership, employment or common officers, directors or stockholders. There is substantial reason to believe that Full Service Logistics and **Mei** Fung Tsang knew these statements to be inaccurate, but permitted the Commission to make a determination upon its application for license on the basis of these assertions of fact. Under the Commission's OTI regulations at 46 C.F.R. § 5 15.16 (a), a materially false or misleading statement which is made in connection with an application for a license is grounds for revocation thereof.

In addition, it appears that Full Service Logistics may have facilitated access by FSL International to the service contracts of Full Service Logistics at a time when FSL International no longer was licensed to provide NVOCC services. Full Service Logistics also may have known of or permitted John Yeung to hold himself out as an authorized employee or officer of Full Service Logistics and to perform NVOCC services under its name and license. It further appears that, on many of the shipments during this time period, Full Service Logistics issued its own NVOCC bill of lading for shipments in which of Full Service Logistics acted as a common carrier in relation to its NVOCC customers. It is believed that the commodity rates actually assessed by Full Service

Logistics to the cargo owner or shipper differ substantially from the electronic tariff published by Full Service Logistics.

Section 11 of the 1984 Act, 46 U.S.C. app. § 1710, sets forth the Commission's authority to investigate violations of the 1984 Act. Under section 13 of the 1984 Act, 46 U.S.C. app. § 1712, a person is subject to a civil penalty of not more than \$30,000 for each violation knowingly and willfully committed, and not more than \$6,000 for other violations of the 1984 Act or regulations issued **thereunder**.<sup>4</sup> Section 19 of the 1984 Act, 46 U.S.C. app. § 1718, provides that the Commission may suspend or revoke the license of an ocean transportation intermediary who is not qualified to render OTI services or that willfully failed to comply with a provision of the 1984 Act or other lawful rule or regulation of the Commission.

NOW THEREFORE, IT IS ORDERED, That pursuant to sections 10, 11, 13 and 19 of the 1984 Act, 46 U.S.C. app. §§ 1709, 1710, 1712 and 1718, an investigation is instituted to determine:

(1) whether FSL International Inc. and Full Service Logistics Inc. and their principals, John Yeung and Mei Fung Tsang, violated section 10 (a)(1) of the 1984 Act by directly or indirectly obtaining transportation at less than the service contract rates and charges otherwise applicable;

(2) whether FSL International Inc. and Full Service Logistics Inc., in the capacity as a common carrier, violated section 10 (b)(2) of the 1984 Act by charging, demanding, collecting or receiving less or different compensation for the transportation of property than the rates and charges shown in its NVOCC tariff;

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<sup>4</sup>See 46 C.F.R. Part 506, Civil Monetary Penalty Inflation Adjustment.

(3) whether FSL International Inc. and John Yeung provided ocean transportation intermediary services after revocation of the OTI license of FSL International, in violation of section 19 (a) and (b) of the 1984 Act and 46 C.F.R. Part 515;

(4) whether Full Service Logistics and Mei Fung Tsang provided ocean transportation intermediary services to FSL International after revocation of the latter's OTI license, in violation of section 10 (b)(1) of the 1984 Act and 46 C.F.R. Part 515;

(5) whether, in the event violations of sections 10 (a)(1), 10(b)(2), 10(b)(11) and 19(a), (b) of the 1984 Act and 46 C.F.R. Part 515 are found, civil penalties should be assessed against FSL International Inc., Full Service Logistics Inc. and their principals and, if so, the amount of penalties to be assessed;

(6) whether the tariff of Full Service Logistics Inc. should be suspended;

(7) whether the ocean transportation intermediary license of Full Service Logistics Inc. should be suspended or revoked; and

(8) whether an appropriate cease and desist order should be issued against FSL International Inc., Full Service Logistics Inc. and their principals John Yeung and Mei Fung Tsang.

IT IS FURTHER ORDERED, That a public hearing be held in this proceeding and that this matter be assigned for hearing before an Administrative Law Judge of the Commission's Office of Administrative Law Judges at a date and place to be hereafter determined by the Administrative Law Judge in compliance with Rule 6.1 of the Commission's Rules of Practice and Procedure, 46 CFR § 502.61. The hearing shall include oral testimony and cross-examination in the discretion of the Presiding Administrative Law Judge only after consideration has been given by the parties and the Presiding Administrative Law Judge to the use of alternative forms of dispute resolution, and upon

a proper showing that there are genuine issues of material fact that cannot be resolved on the basis of sworn statements, affidavits, depositions, or other documents or that the nature of the matters in issue is such that an oral hearing and cross-examination are necessary for the development of an adequate record;

IT IS FURTHER ORDERED, That the following are hereby named Respondents in this proceeding: FSL International Inc., Full Service Logistics Inc., **Mei Fung Tsang**, in her individual capacity, and John Yeung, in his individual capacity;

IT IS FURTHER ORDERED, That the Commission's Bureau of Enforcement is designated a party to this proceeding;

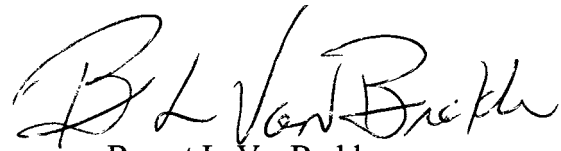
IT IS FURTHER ORDERED, That notice of this Order be published in the Federal Register, and a copy be served on parties of record;

IT IS FURTHER ORDERED, That other persons having an interest in participating in this proceeding may file petitions for leave to intervene in accordance with Rule 72 of the Commission's Rules of Practice and Procedure, 46 CFR § 502.72;

IT IS FURTHER ORDERED, That all further notices, orders, and/or decisions issued by or on behalf of the Commission in this proceeding, including notice of the time and place of hearing or prehearing conference, shall be served on parties of record;

IT IS FURTHER ORDERED, That all documents submitted by any party of record in this proceeding shall be directed to the Secretary, Federal Maritime Commission, Washington, D.C. 20573, in accordance with Rule 118 of the Commission's Rules of Practice and Procedure, 46 CFR §502.118, and shall be served on parties of record; and

IT IS FURTHER ORDERED, That in accordance with Rule 6 1 of the Commission's Rules of Practice and Procedure, the initial decision of the Administrative Law Judge shall be issued by June 25, 2004, and the final decision of the Commission shall be issued by October 25, 2004.

A handwritten signature in black ink, appearing to read "B L VanBrakle". The signature is fluid and cursive, with the first and last names being more prominent.

Bryant L. VanBrakle

Secretary